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C O N F I D E N T I A L SECTION 01 OF 03 ABU DHABI 001005

SIPDIS

STATE FOR EB/TPP/BTA AND EB/IFD/OIA
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E.O. 12958: DECL: 03/02/2015
TAGS: [ETRD](#) [ECON](#) [ELAB](#) [EFIN](#) [PHUM](#) [TC](#)
SUBJECT: UAE PREPARING ACTIVELY FOR FTA FIRST ROUND

REF: ABU DHABI 992

Classified By: Classified by Ambassador Michele J. Sison for reasons 1.
4 (b and d)

11. (C) Summary: The UAEG continues its preparations for negotiating an FTA with the USG. UAE negotiators have reached out to the private sector, including banks, textile manufactures, and insurance companies to solicit input in advance of the March 6 launch of the first round of FTA negotiations. The Emirati banking sector, which had apparently been a source of concern for the UAEG, supports liberalization in the context of an FTA. The UAEG is also conducting a carefully tailored media campaign emphasizing the consultative process and the benefits of an FTA for the UAE. The Dubai Chamber of Commerce and Industry continues to voice FTA concerns, however. Ambassador and Econchief have stressed our concerns about the need to address weaknesses in the UAE's labor law and move forward on eliminating the use of children as camel jockeys in a series of meetings with senior UAE officials this week. End Summary.

UAEG Preparations

12. (C) On March 1, Ambassador discussed ongoing preparations for the March 8-10 FTA negotiations with MinState for Finance Dr. Mohammed Khalfan bin Khirbash. Dr. Khirbash emphasized that he wanted to be able to focus on the key issues and move as quickly as possible through the "smaller stuff." The negotiators would hopefully be able to move quickly to the issues that would need further attention "from capitals."

13. (C) Ambassador noted recent press reporting on UAE outreach efforts to the private sector and asked about private sector feedback. MinState Khirbash replied that the various subcommittees had been meeting with industry groups, including the chambers of commerce and representatives from financial services, insurance and textile sectors to solicit input. He said that he had been pleasantly surprised that local banks had come out publicly favoring liberalizing the country's banking sector in context of FTA negotiations with the U.S. The Central Bank had sent out a questionnaire to local banks in early February. At that time, the Central Bank Governor told Ambassador that he was anticipating "a big row" with local banks. MinState Khirbash expressed some frustration about the Dubai Chamber of Commerce and Industry (DCCI), describing them as "taking a narrow (minded) approach" and being "anti-FTA." (Note: DCCI has been one of the more pointed critics of the FTA negotiations and has expressed concerns about the impact of the FTA on Emirati agency relationships. End note)

14. (C) For this reason, Khirbash explained, the UAEG was organizing AUSTR Novelli's meetings with the UAE business community under a "federal umbrella" rather than having individual chambers of commerce organize their own events. He added that he understood that representatives from the different chambers of commerce were trying to insert themselves directly into the negotiations, which he said would undercut government to government nature of these negotiations. (Note: In a March 2 meeting, Minister of Information Sheikh Abdullah bin Zayed Al-Nahyan told the Ambassador that the head of DCCI, Obeid al-Tayer had telephoned him the day before and was "pissed" that the DCCI had been "cut out" by Khirbash of organizing Novelli's meeting with the UAE business community. Sheikh Abdullah said that al-Tayer sees it as a Khirbash versus al-Tayer family issue. End note)

15. (C) The UAE has also been conducting a carefully managed public outreach program in recent weeks. MinFin A/US Khalid Al-Bustani told Econchief that the negotiating committee had instructed individual negotiators to avoid talking to the press about the FTA, but the UAEG has been actively publicizing its meetings with industry groups and both MinState Khirbash and Minister of Economy and Planning Sheikha Lubna Al-Qasimi have been making statements stressing that "the FTA with the US will enable the UAE to compete in international markets and benefit from the transfer of modern technology and expertise that support the improvement of our services and products." At a meeting of the Dubai Economic Council last week, MBR emphasized that all sectors should be ready for trade agreements in order to "benefit from the gains."

Labor

16. (C) Ambassador raised USG concerns about labor issues to Minstate Khirbash and in a separate meeting to Minister of Information Sheikh Abdullah. She also explained that the political reality was that our trading partners must have good labor laws. Dr. Khirbash said that labor reform and eliminating the use of children as camel jockeys were issues that the UAE would need to deal with. He added that he viewed resolving these issues as "a challenge rather than a problem." Sheikh Abdullah said that the federal government has drafted a law requiring that camel jockeys be at least 16 years old and weigh at least 45 kgs. He said that regardless of whether the law is approved by Dubai (a requirement in order for it to become federal legislation), Abu Dhabi will implement these requirements. He said that Abu Dhabi (the wealthiest of the seven emirates) funds most of the prizes for races in the other emirates, and that if the races do not comply with the law, they will not receive prize money from Abu Dhabi. Since violators will not receive prize money, he believes that there will be fewer races that use underage children as jockeys. (Note: Sheikh Abdullah also told the Ambassador that the real stumbling block against addressing the camel jockey problem in Dubai is not Crown Prince

Mohammed Bin Rashid -- it is Minister of Finance Sheikh Hamdan bin Rashid. Sheikh Abdullah said that Sheikh Hamdan enjoys going to camel races with the young camels, and that he is dead-set against implementing the weight requirement. End note)

17. (C) On March 1, Econchief met with Ministry of Labor U/S Dr. Khalid Al-Khazraji to make similar points and to coordinate labor consultations following the negotiation round. Al-Khazraji said that the labor union law was almost through the interagency working group process with "two or three points" left to resolve. The Minister of Labor had pulled back the revised labor law for review. Al-Khazraji said that he and the Minister of Labor had met, in Algeria, with Taleb Rifai, the head of the International Labor Organization's (ILO) Regional Office in Beirut and solicited his assistance in ensuring that the labor law and the labor union law would meet ILO standards. According to Al-Khazraji, they offered to share their draft texts with the ILO after resolving their interagency issues, but before/before sending the texts to the cabinet for approval. (Note: Generally, the UAEG has been very reluctant to share draft texts internationally before the cabinet has had a chance to approve them. After cabinet approval, the draft laws must be approved by the (appointed) Federal National Council and sent to the rulers of the seven emirates before being signed into law.

18. (C) Al-Khazraji emphasized that it was his goal that the UAE laws meet ILO standards. He said that, currently, the only major issues that the UAEG had with the ILO were rights of association (and collective bargaining) and child labor (i.e., camel jockeys). Al-Khazraji stressed that the Ministry of Labor strictly enforced child labor laws in the work place, but that it had not been able to regulate the camel races. He said that the UAEG would be moving on eliminating the use of children as camel jockeys. (Note: Post understands that Minister of Labor Dr. Ali Al-Ka'abi will visit Abu Dhabi's camel jockey rehabilitation center shortly. He has already made a point of visiting labor camps and working to improve services for workers.) Al-Khazraji also stressed that the UAEG was "moving to a different stage" in its labor regulations (i.e., modernizing and improving them) and that such steps required extensive consultations and were not simple. He also explained that the UAE faced an unusual demographic situation, with nationals making up "at most" 20 percent of the population. This meant that the UAEG needed to balance security and economic concerns in its decision about setting up trade unions, he said.

Intellectual Property Rights

19. (U) Ambassador also discussed the issue of Intellectual Property Rights (as it relates to pirated music CDs) with Fawzi al-Jaberi, a Ministry of Information officer involved IPR enforcement. (Note: Representatives from the Recording Industry Association of America met with Ambassador and econchief earlier that morning. After their meeting at the Embassy, the representatives met with officials at the Ministry of Information, including Al-Jaberi. End note) Al-Jaberi said that the Ministry of Information wants to do a better job of enforcing IPR laws, but he noted that the Ministry's IPR department is constrained. MoI officials can conduct raids of retail shops, but they are not allowed to raid homes or vehicles without involving law enforcement. He explained that the MoI inspectors are working with a new Economic Crimes department within the Abu Dhabi police and that cooperation is increasing. He also said that the Ministry wants to hire more inspectors to conduct raids, but no one has applied for the job since it requires work on weekends and the evenings conducting raids. One of the problems in enforcing IPR violations, according to Al-Jaberi, is that some judges do not understand the legal definition of intellectual property. To address this issue, the MoI has consulted with the Ministry of Justice to try to establish a set of judges who specialize in IPR cases, but no definitive progress has been made.

